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ABSTRACT

This learning guide is designed to connect personal, family, and job responsibilities for adults and out-of-school youth in economically depressed areas of the state (including transitional ex-offenders and corrections populations) so that these individuals learn to manage and balance these aspects of their lives in order to prepare for or continue successful employment. This learning guide contains four competency units that provide information on making wise consumer choices. The competency units cover the following topics: (1) sources of consumer information; (2) comparison shopping; (3) evaluating information on products and in the media; and (4) the use and misuses of credit. Each competency unit consists of learner outcomes, key ideas, definitions, teaching strategies and methods, and suggested learning activities. Twenty supplements include information and activity sheets on the following: sources of consumer information; standards for comparisons; quality; thrift; case studies; food labeling; guarantees and warranties; advertising; clothing care and analysis; using credit; installment buying, and credit applications. A bibliography lists 19 references. The Illinois goals for world-class education for the 21st century also are included. (KC)

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Making Consumer Choices

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General Guidelines/Checklist for Users

The terms "facilitator" and "learner" describe the instructor and participants.

STRATEGIES (for facilitators) and ACTIVITIES (for learners) as stated in the guide, are not always parallel as to numbering system.

Facilitators need to find out where learners are with each of the competencies. For example, if working with learners who have had a Consumer Education course, the facilitator may choose not to do all the competencies. If working with a JTPA client, for example, it might be necessary to cover all competencies.

Key to Symbols - The following symbols are used throughout the guides to designate enhancement activities:

- related basic skills, giving particular attention to language arts and mathematics
- related decision-making and problem-solving skills, including the application and transferability of these skills to personal, family, and work responsibilities to be demonstrated
- enrichment activities according to learner abilities and experiences
- interrelationship of concepts to personal, family, and work
- influence of technology on the subject matter, application of knowledge, and related work
- pre- and/or posttest assessment activities

Before addressing any of the competencies, the facilitator should check in advance to see what materials or preparations may be needed for the competency as numbered.

Competency #1 - Identify reliable sources of consumer information.

_____A file of consumer literature from various sources including the Consumer Information Center, governmental agencies, and manufacturers should be gathered and made available to learners for discussion and use.

_____The facilitator may wish to have a local telephone book available for discussion and to use for an activity locating consumer affairs agencies in the area.

_____Duplicate Supplement 1, "Sources of Consumer Information," to discuss where consumers can get information.

_____Obtain copies of reliable sources of consumer information such as "Consumer Reports" and "Changing Times" to share with learners.

_____Make arrangements to invite persons representing consumer protection offices or local or state consumer groups to discuss consumer problems, reliable sources of consumer information, or purposes of organization.

_____The facilitator may need to prepare slips of paper listing possible purchases learners may need help with for Activity 6.

_____Duplicate Supplement 2, "Where Would You Go?," as needed for learners.

_____The facilitator may wish to have articles about consumer problems or sources of assistance from magazines such as "Good Housekeeping" or "Better Homes and Gardens" to share with learners for Activity 10.

_____The facilitator may wish to provide learners with the free Consumer Information Catalog and assist learners in ordering publications for personal use.

Competency #2 - Compare merchandise in consideration of cost, quality, appearance, care required, and needs.

_____The facilitator may wish to have items to display different size products and prices for learners to compare.

_____Make arrangements to take learners to grocery store for actual shopping comparison (if appropriate).

_____Duplicate Supplements 3, "Compare," 4, "Factors Which Determine Quality," and 5, "Ways To Stretch Your Dollars," as needed for discussion with learners.

_____Duplicate Supplement 6, "Case Study," as needed for Activity 7.

_____The facilitator should develop a list of products for comparison shopping for Activity 7.

_____Determine if a copy of Supplement 7, "Comparison Shopping" is needed for Activity 8.

Competency #3 - Check or test information presented on products and in the media.

_____The facilitator may need to have ready a variety of labels from food, clothing, and other products to use for discussion with learners.

_____Duplicate Supplement 8 for Method 4.

_____The facilitator might have examples of food grades or tire standards for Method 5.

_____Duplicate Supplement 9 to be used to discuss guidelines for good guarantees.

_____The facilitator may wish to have actual ads available from magazines and newspapers with examples of positive and negative advertising.

_____Duplicate Supplement 11 as needed for Method 10.

_____Duplicate Supplement 10 for Activity 5.

_____Duplicate Supplement 12 for a matching exercise in Activity 6.

_____The facilitator may need to have a collection of poor advertisements for Activity 11.

_____Duplicate Supplement 13 for Activity 12.

_____Duplicate Supplement 14 for Activity 13.

Competency #4 - Determine use and misuse of credit.

_____The facilitator may collect reference material (pamphlets, booklets, newspaper articles, or periodicals) on credit and make them available to the learners.

_____Duplicate Supplement 15 for Method 5.

_____Duplicate Supplement 16 for discussion of guidelines to follow when using credit and danger signs of credit use.

_____Duplicate Supplement 17 for discussion of advantages and disadvantages of credit.

_____Invite a resource person from a bank, credit service, or a similar type operation to discuss the use of credit and common credit problems.

_____If appropriate, the facilitator may need to have a bulletin board available for Activity 2.

_____Duplicate Supplement 18 for Activity 9.

_____Duplicate Supplement 19 for Activity 10.

_____Duplicate Supplement 20 for Activity 12.

Introduction

Never have consumers been faced with so many products and services, so many styles and models, and such a bombardment of advertising messages. Consumers need preparation for making choices and using resources.

The ability to compare merchandise and make sound purchasing decisions is essential in today's market. Consumers need information about products and services available to them. They also need to know where to go for reliable information. Much consumer information is available to consumers, but not all information is accurate. Many dollars are lost each year by consumers who have fallen victim to unreliable information.

Sound consumer buying decisions require the ability to check or test the information found on products and in the media. Many laws and requirements have been established in order to help consumers. Consumers need to be aware of what these are and how to use information in a helpful manner.

Advertising helps producers and consumers get together. Advertising does inform, but may not give all the information a buyer needs. Estimates are that the average person faces 1,500 commercial messages everyday. Consumers, young and old, must weigh competing claims and make rational choices. The problem of separating "truths" from "half-truths" is so complex! Unwise buying decisions may increase the cost of the purchase and can bring disappointment, repair bills, and even injury to the buyer.

Credit has become a way of life for many Americans. Credit has helped many people raise their living standards. Used properly, credit can be beneficial. Too much of it (and its cost) can create serious financial problems. Knowing how much credit costs and how much can be afforded in the normal course of events is important for consumers.

Identify Reliable Sources of Consumer Information.

Learner Outcomes

- Become aware of the importance of being an informed consumer.
- List sources of consumer information.
- Differentiate between *reliable* and *unreliable* sources of consumer information.

Definitions

consumer - any person who buys, sells, or uses a good or service

warranty - a guarantee (promise) that the product is in good working order and will give good service for a reasonable amount of time

reliable - dependable/trustworthy

Key Ideas

An effective consumer is informed and alert to resources available that provide information.

Collecting and studying information helps consumers make sound decisions. It also can help save time and money.

Not all information given to consumers is reliable. Some advertising may not be truthful or salespeople may speak without factual knowledge.

Labels, hangtags, and packaging often provide reliable information.

The U.S. Government has established several consumer agencies and organizations to help consumers and provide them with reliable information.

Strategies/Methods

1. The facilitator should consider beginning a file of information about consumer goods and services. A good reference to get started is *Consumer's Resource Handbook.* (Single copies are available free from Handbook, Consumer Information Center, Pueblo, CO 81009)

2. Gather consumer literature information from governmental agencies such as Consumer Affairs Agencies, the Food and Drug Administration, the Internal Revenue Service, United States Postal Service, Cooperative Extension Service, and Fire Bureau for learners to review.

3. Develop a list of consumer affairs agencies in the area. Use the Yellow Pages, the Attorney General's Office, and other sources of information.

4. Discuss the various types of information collected. Emphasize how the information can help consumers.

5. Brainstorm with learners the many sources of information available in their area (people, places, organizations, agencies, media). Follow up by providing learner with a copy of Supplement 1, "Sources of Consumer Information," and discuss sources given. Add any others that may be appropriate.

6. Using Supplement 1, discuss why some sources of consumer information are considered reliable versus unreliable (e.g., friends and relatives vs. consumer agencies and organizations). Stress looking at such things as currency of information presented, references given, claims made and supported, honesty, and objectivity.

7. Share with learners some sources of reliable consumer information such as *Consumer Reports, Consumer's Research Magazine, Changing Times, Consumer Digest,* or *Money.* Discuss with learners the benefits of this information.

   Some questions to ask:

   - What are the advantages/ disadvantages of using these sources?
   - If one does not have these sources, where can one obtain information on a product to purchase? (friends, dealers)
   - What would be the results if everyone used reliable consumer sources for information before buying products?

8. Consider inviting someone from the local or state attorney general's office to speak to the learners on topics such as common consumer problems, consumer rights, or the reliability of consumer information sources.

9. Invite representatives of consumer groups to discuss their organization's purposes or current projects.

10. The facilitator may choose to call attention to consumer affairs departments established in many major businesses. The departments handle consumer complaints, produce consumer education newsletters, and distribute educational literature related to the product or service they are selling.

Suggested Activities

1. Using the yellow pages of the phone book or files set up by the facilitator, have learners list some specific agencies or offices where consumer information can be found. Include name, address, and telephone number for each resource.

2. Have learners list other sources where consumer information could be obtained (e.g., advertisements, media, friends, labels).

3. In buzz groups, have learners list some characteristics of *reliable* sources of information. (See Supplement 1 also.)

4. Using resources provided by facilitator, have learners read and review various consumer information resources (e.g., brochures from local businesses, books from a library, labels from products). Let learners then determine if sources are reliable.

5. Have learners develop a display of products that may have labels or packaging information. Determine which are illustrating reliable sources of consumer information.

6. Give learners slips of paper listing something which might be purchased or a service they would need help with. Have learners tell what information would be needed and where they could get this information. The following examples could be used:

   - fabric for making a party dress for a teenager
   - a couch for a family with small children

- a used car for a family who has a very small income
- a house for a family with two small children (boy and girl)

7. Have learners read a consumer magazine to locate information pertaining to an item or appliance. Have learners use the information to make a selection.

8. Using Supplement 2, "Where Would You Go?," have learners develop a list of community resources where information can be obtained. Describe the type of information available.

9. If learners watch TV, list any public service announcements made that supply information. Discuss the nature of the information presented (who sponsored it, who was in it, what did it say?)

10. Have learners look at articles or ads related to consumer problems. Help for consumers could come from magazines (such as *Good Housekeeping, Better Homes & Gardens*). Have learners check or test whether information is reliable.

11. Using the free publication available from the Consumer Information Center in Pueblo, Colorado, have learners select several publications of interest and order those publications for personal use. (See resources listed in Bibliography.)

Compare Merchandise in Consideration of Cost, Quality, Appearance, Care Required, and Needs.

Learner Outcomes

- Recognize the importance of comparison shopping.
- Identify standards (or guidelines) used for comparing goods and services.

Key Ideas

A smart consumer gathers available information before buying.

The more one knows about a product to be bought the more likely she/he will ensure a good buy. Reading labels keeps consumers informed about the products they buy.

Price is not a dependable guide to quality. A higher price does not always mean better quality. Paying a low price at a discount store may not be a bargain either. Need, performance, and durability are factors to consider.

Comparative shopping is an aid in guiding the consumer to make wise buying decisions. The quality of consumer goods can be visually inspected. A consumer should be satisfied with the appearance of a product before considering it for purchase.

Definitions

goods	- products that can be seen or touched
service	- providing repair, maintenance, supplies
quality	- the degree of excellence; features that make something what it is
workmanship	- the quality of one's labor
unit pricing	- the price of an item by ounce or by count
comparison shopping	- comparing features and prices of different brands of the same item before you buy

Comparison shopping includes consideration of the following:

Price
Performance
Contents
Quality
Durability
Convenience
Features
Appearance
Maintenance
Safety
Guarantee/Warranty
Hidden Costs

Awareness of standards, grades, warranties, and guarantees assists in making selections of goods and services.

Strategies/Methods

1. The facilitator could introduce this competency topic by assessing what influences the decisions of learners to buy. What, if any, guidelines do they use? How do they decide? Ask for examples and discuss. ☑

2. Emphasize with learners the values of comparison shopping (e.g., comparing prices, quality). Give examples of comparison shopping such as comparing food items by unit pricing. The facilitator could consider having a display of different size products and prices available for learners to compare or learners may bring in products for comparison.

3. If this could be arranged, the facilitator might consider taking a trip to a grocery store or furniture store (whatever is appropriate and needed by learners) for actual comparisons. Determine ahead of time the items to find and compare.

4. Using Supplement 3, "Compare," discuss the ten standards for comparing goods and the six standards for comparing services. Have learners give examples of each to ensure understanding.

5. Discuss or review with learners factors that determine the quality of products. Learners can give examples. (See Supplement 4, "Factors Which Determine Quality.")

6. The facilitator may wish to assess specific categories of purchases that learners would like to have help with such as buying food, clothing, furnishings, and/or appliances. For each area, the facilitator should be ready to include how to check for quality, determine need, and compare costs.

7. Supplement 5, "Ways To Stretch Your Dollar," can be used as needed for examples of ways to stretch dollars. This may be expanded to discuss specific areas of stretching dollars. (For example: food dollars can be stretched by using coupons, selecting low cost menus, shopping grocery ads, and buying generic instead of name brands.)

Suggested Activities

1. Have learners give examples of products they may have compared before buying. Discuss what factors influenced them to compare. Are there disadvantages?

2. Have learners list what different factors or considerations may be used in comparison shopping (e.g., price comparison by figuring unit price or comparing prices of different retailers).

3. Using Supplement 3, "Compare," have learners list any number of standards (guidelines) they may have used for comparing goods and services.

4. Have learners show a common product such as an electric hairdryer and judge the quality of the product by identifying the five factors of quality. (See Supplement 4, "Factors Which Determine Quality.")

5. Have learners brainstorm ways to stretch dollars; then give examples to match the ways. (See Supplement 5, "Ways To Stretch Your Dollars.") Specific categories for stretching dollars such as food, clothing, and furniture may be used.

6. Using Supplement 6, "Case Study," have learners identify factors the Jackson couple should consider when buying appliances.

7. Provide learner with a list of products to purchase. The facilitator can take learners to a store or have learners visit a store and get two prices for each product (a name brand and an off-brand). Have learners note the lowest priced and most expensive brands.

8. Using Supplement 7, "Comparison Shopping," have learners visit a grocery store or use grocery advertisements to compare different sizes of similar goods. Have learners calculate price per unit.

Evaluate Information Presented on Products and in the Media.

Learner Outcomes

- Understand the importance of reading information on product labels.
- Given a variety of products, learner can interpret information provided on labels and in the media.
- Determine essential information needed about products.
- Given examples of advertising (media and labels), learner can differentiate between those that give good information and those that do not.

Definitions

advertising	- a source of information for the purpose of influencing a consumer to buy a good or service
voluntary information	- information provided that is not required by law
grade label	- indicates quality of some products
warranty/ guarantee	- promises made by a seller concerning the quality or performance of a product/service; a promise that the product is in good working order and will give good service for a reasonable amount of time
care label	- a tag attached to a garment, for example, that recommends instructions necessary for satisfactory use and enjoyment of the item

Key Ideas

Being able to interpret labeling and packaging information aids the consumer in determining the best buy.

Labels are probably the most important and helpful buying guide available to consumers. A wise shopper always reads the label.

A good label should provide information about contents, quality, quantity, trade name, price, how to use the product, grading, and special instructions for use and care of the product.

Knowledge of standards and grades assists the consumer in making choices suitable for intended use.

Knowledge of guarantees and warranties can protect the consumer from problems associated with quality and service repair.

The ability to analyze advertisements leads to improved buying decisions. Advertisements can

- help to *educate* a consumer to know what to expect from a product.
- help a consumer spend money wisely for useful and safe products.
- help a consumer *improve the way she/he lives* by giving the information needed to help make purchase needed and wanted.
- tell people about new products that they may buy.
- help a consumer know where to shop.

Advertisements are not helpful to the consumer if they

- give false, misleading, or deceptive information that could lead to unwise choices by the consumer.
- cause confusion and bewilderment.
- encourage impulse buying, like "everyone else is buying it."
- give misleading information about prices that leads a consumer to think she/he is getting a bargain when they're not.
- try to make a consumer unhappy with what she/he already has.
- encourage consumers to buy things that are unnecessary with money consumers don't have through the use of credit.

Strategies/Methods

1. The facilitator might discuss with learners what can be learned by reading product labels and product information (e.g., use and care information, contents).

2. The facilitator should stress essential information that should be on product labels (e.g., contents, quality, quantity).

3. Using clothing care labels, the facilitator might direct learners to analyze information found on clothing care labels and identify information provided.

4. Using Supplement 8, "The New Food Labels At A Glance," discuss information provided on a food label. Collect common labels and have learners study them.

5. Identify terms "standards" and "grades" (standards as set by U.S. Government). The facilitator might have samples of actual labels or information (ads) that have standards and grades identified such as food grades or tire grades. Discuss meaning and importance of grades and standards to consumer.

6. Discuss with learners the need for warranties and guarantees. Supplement 9 can be used to discuss guidelines for good guarantees. Supplement 10 on reading warranties is in Activity 5.

7. The facilitator might stress with learners the importance of analyzing advertisements (e.g., improved buying decisions, preventing rip-offs).

8. Discuss with learners the various purposes of advertising (e.g., to inform consumer, to introduce a product).

9. The facilitator might have available some actual ads from magazines and newspapers. Work with learners to sort out examples of positive and negative advertising (educate versus deceive).

10. The facilitator may bring an example of an advertisement while using Supplement 11, "Evaluating an Advertisement." Discuss with learners ways to evaluate if an advertisement is truthful and informative.

11. Discuss with learners the "Lemon Law" and other necessary information associated with the purchase of a vehicle (e.g., warranty display, value of vehicle, cost of owning and operating a vehicle, insurance requirements). Emphasize how not to be taken advantage of by sales pitches.

12. Dependant upon learners' interests, the facilitator may wish to discuss the use of "Rent to Own." Discuss the advantages and disadvantages. Ask when renting to own is a good choice. (An example could be someone who is living in temporary quarters or short-term arrangements.) The following are questions the facilitator may wish to emphasize:

    - Do you sign a contract? What happens if something stops working? Who owns have insurance? What happens if one defaults on payment?
    - What is the total cost?
    - Does purchase satisfy needs and wants?

13. If appropriate for learners' background and experience, the facilitator may discuss "Shopping Channels" on TV. Topics to cover could be items sold, prices, advantages and disadvantages. Stress information presented, appeal strategies, and any guarantees/ warranties. Emphasize the use of credit cards as payment.

Suggested Activities

1. Using labels provided from cans or boxes of food items, have learners analyze how or whether information provided is useful in deciding what brand or product to buy.

2. Provide learners with or have learners collect food packaging showing standards/grades. If possible, provide several grades of the same food. Have learners compare the grades and identify the differences.

3. Have learners choose a specific product such as canned tomatoes. Have learners collect or look at labels provided on different brands of this product. Then, identify information on the labels that would influence a purchase decision and finally the brand selected.

4. Use samples provided or have learners collect examples of warranties/guarantees. Have learners determine which are better examples based on guidelines given in Supplement 9, "Guarantees."

5. Have learners read and react to questions outlined in Supplement 10, "Reading a Warranty."

6. Using Supplement 12, "Clothing Care Symbols," ask learners to match the appropriate care symbol with the best description. Discuss the interpretation and meaning of the symbols and how they recommend suitable care. The key to Supplement 12 is as follows:

1. C	6. H	11. E
2. D	7. M	12. F
3. B	8. L	13. I
4. K	9. G	14. J
5. A	10. N	

7. Have learners collect or make a display of labels from all types of clothing. Have them identify information that would be helpful before purchasing clothing (e.g., how much would it cost for care). Supplement 12, "Clothing Care Symbols," may be helpful information.

8. Have learners collect advertisements from newspapers or magazines. Identify any helpful information provided. Then have learners identify any negative or unhelpful information provided in the ad. Learners also may give suggestions as to any information left out of the ad that would have been helpful.

9. Using a newspaper or magazine, have each learner select an appealing advertisement of a product other than a food product. Ask learners to analyze advertisement by answering questions such as

   - What does the product contain? How is it made?
   - Does the item carry any seals identifying its quality? If so, what are they? Are the authorities reliable and strong?
   - What explanation or description indicates the degree of usefulness?
   - Do any statements appear to be misleading or incomplete? If so, how would you change them?

10. Have learners collect and analyze three or more advertisements that make specific claims. These should be advertisements that learners have seen or heard through the news media (e.g., bread, soft drinks, car tires, clothing, food, insurance). Reflect what effect the individual advertisements might have on various age groups (children, teens, middle age, elderly).

11. Have learners collect examples of poor advertising (or provide learners with examples). Have learners rewrite the poor ads to improve them.

12. Have learners select TV or radio advertisements and check whether the advertisements are truthful and informative. Use Supplement 13, "Ad Analysis."

13. Using Supplement 14, "What Is the Ad Telling You," have learners rate an ad based on advertising guidelines given in Supplement 11, "Evaluating an Advertisement." Also, have learners answer the following: Exactly what does the ad say about the product? What doesn't it say? What else would you like to know?

14. Have learners collect or bring in ads for "rent to own." Discuss advantages and disadvantages of the concept.

15. If appropriate, have learner discuss "Shopping Channels" on TV. Analyze information presented and types of appeal used. Any parts of Supplement 13 can be used.

COMPETENCY FOUR

Determine Use and Misuse of Credit.

Learner Outcomes

- Identify appropriate times and conditions for using credit.
- List advantages and disadvantages of using credit.
- Recognize danger signs of credit use.

Key Ideas

Credit can be helpful or harmful depending on how one uses it.

Credit uses future income to pay for present needs and wants.

Credit is recommended to be used for durable goods (items that do not become worn out or used up before the end of the payment period).

The amount of debt one can handle depends on the family situation, assets, income, expenses, employment status, age, and health.

If a family is having difficulty paying for everyday needs, the use of credit is not a wise option.

A person should get and consider all available information about costs and terms—from various sources—before borrowing money. The cost of borrowing depends on the method used to calculate costs, the amount borrowed, and the length of time to repay.

Meeting credit debts is important to a person's honesty as well as credit rating. Failure to meet credit debts can interfere with one's happiness and success in life.

Definitions

credit	- buying now and paying later; the ability to get goods, services, and money now on the promise to pay in the future
buy on time	- to buy on credit; to buy now and pay over a period of time
loan	- money borrowed with a promise to repay
interest	- money paid to borrow money; a fee paid for the use of money
finance charge	- the total dollar amount you pay to use credit; the finance charge includes interest; it may also include other charges
durable goods	- a major purchase; things that last long after the last payment is made
credit capacity	- the amount one can afford each month in payments
credit rating	- a report telling a lender whether the borrower is likely to repay a debt

Suggestions for the wise use of credit include the following:

- shop for rates
- ask questions
- know the cost of the loan
- read and understand the contract
- check the contract before you sign
- don't overbuy
- pay promptly and regularly

A good credit rating must be earned and maintained if the use of credit is to continue and contribute to successful money management.

Knowing one's credit capacity helps one decide about using credit.

Making monthly payments might lead to a habit of monthly saving.

Strategies/Methods

1. The facilitator may need to collect reference material (e.g., pamphlets, booklets, newspaper articles, periodicals) on credit and make these available to learners.

2. The facilitator should determine and clarify with learners what credit is.

3. The facilitator might need to emphasize the difference between a need (necessity) and a want (luxury) and how this can affect credit use. Questions to discuss could be

   - When is a car a luxury rather than a need?
   - Is a TV set always a luxury?

4. Discuss with learners some reasons why people may use credit (borrowing). Reasons might be convenience, increased purchasing power, and emergency needs.

5. Using Supplement 15, "Should You Use Credit?," emphasize with learners some questions to ask *before* seeking credit. Discuss issues such as regularity of income, chance of income change, or change in expenses. This could be a place to discuss how to fill out a credit application, review questions asked on forms, and discuss schemes used to get consumers to reveal personal information (such as free gifts, discounts).

6. Discuss with learners some general guidelines to follow when using credit. (See Supplement 16, "Guidelines.")

7. Discuss with learners some danger signs of using credit and why these are considered danger signs. (See Supplement 16.)

8. The facilitator should review and discuss with learners both the advantages and disadvantages of using credit. (See Supplement 17, "Credit Advantages and Disadvantages.")

9. Discuss some possible misuses of credit (e.g., confusion about needs and wants, desire for status). Also, discuss with learners possible consequences of credit misuse (e.g., repossession, loss of money, bad credit rating).

10. If appropriate, discuss with learners what a credit rating is and its importance.

11. Consider having a resource person (e.g., local banker, credit counseling service employee, or loan officer) come in to discuss the use of credit or discuss common credit problems.

Suggested Activities

1. Have learners list possible reasons for using credit. Also have learners list reasons for not using credit.

2. Have learners make a bulletin board titled "Weigh the Advantages and Disadvantages of Credit." (Could also do as a chart on a chalkboard or easel.) Draw a large balance with two baskets hanging from it. Label one basket "Advantages" and the other "Disadvantages" to differentiate between them.

3. Using Supplement 17, "Credit Advantages and Disadvantages," have learners provide examples of the credit advantages and disadvantages listed.

4. Have learners list the pros and cons of cash and credit use.

5. Have learners identify some items that may be bought on credit that could not have been purchased otherwise such as a house, car, or appliances.

6. Have learners identify some potential danger signs of credit use.

7. Have learners relate personal experiences or find articles in newspapers or magazines on uses and abuses of credit.

8. Have learners identify some potential results of misusing credit.

9. Using Supplement 18, "What Now?," have learners read situations given and answer the questions that follow.

10. Using Supplement 19, "Results of Credit," have learners identify what happened as a result of using credit. Discuss whether problems could have been anticipated before they happened. Was credit used wisely? What changes would you make?

11. Have learners identify ways to protect one's credit rating.

12. Have learners review sample application for credit (Supplement 20) to recognize needed information.

Get the Facts! Sources of Consumer Information

Information about consumer products can be found in many places. The quality of the information may vary from helpful to misleading, depending on the source. Before you buy, make sure your information is adequate and reliable. You are the judge! Consumer information sources include the following:

Advice From Others

- Friends
- Family
- Experts
- Salespeople

Consumer-Oriented Publications

- Newspaper articles
- Magazines
- Consumer-testing magazines (Consumer Reports and Consumer Research)

Media Sources

- Television programs
- Videotapes
- Radio programs

Point-of-Purchase Sources

- Labels
- Packages
- Displays

Government or Community Agencies

- Consumer Information Catalog
- U.S. Office of Consumer Affairs
- Better Business Bureau

Advertising

- Print ads
- Television ads
- Radio ads

Which of these sources would be most objective in the approach to consumer information? Why?

Adapted from *Resource Management Guide* (p. 125). (1993). Columbus: Ohio State University, Vocational Instructional Materials Laboratory.

SUPPLEMENT 2

Where Would You Go?

Which of the information sources would you go to if you wanted to . . .

1. See how much your electric bill might be in the new apartment you are moving to?
2. Shop for a used car?
3. Report you had purchased spoiled food?
4. Change your mind about a door-to-door purchase?

Information Source	**Information Is Reliable** (Yes/No)	**Information Is Complete** (Yes/No)
Professional in the field		
Friends		
Relatives		
Magazines		
Brochures		

Compare

Ten Standards for Comparing Goods

1. Produce price
2. Intended use
3. Accessories needed to use the product
4. Product performance
5. Product life
6. Care
7. Safety
8. Consumer protection (warranty)
9. Seller Services
10. Maker reputation

Six Standards for Comparing Services (Doctor, trash pickup, barber)

1. Service price
2. What you want performed
3. How well the service is performed
4. How long the service will last
5. Consumer protection
6. Reputation of service provider

Adapted and reprinted with permission. Brenneke, J.S. & Hamill, M.L. (1985). *Decisions, Making Personal Economic Choices.* St. Paul, MN: EMC Publishing, pg. 176-178.

SUPPLEMENT 4

Factors Which Determine Quality

Five Important Factors:

Performance

How Well Does the Produce Work?

Durability

Is the Product Well-Made?

Convenience

Is the Product Easy to Use?

Safety

Potential Hazards in Using?

Care

How Much Care Product Requires?

Adapted and reprinted with permission. Brenneke, J. S., & Hamill, M. L. (1985). *Decisions: Making personal economic choices* (pp. 176-178). St. Paul, MN: EMC Publishing.

Ways To Stretch Your Dollars

Know your needs. Buy what suits you, what you need, what you can afford.

Know what items cost. Keep track of prices; compare items in different price ranges; develop a sense of values.

Learn to recognize quality. Notice how things are made; know when something is worth extra money.

Plan your purchases. Think ahead, save, don't buy on impulse. Always consider energy-efficiency.

Buy what is needed. Don't buy more than you need; pass up bargains you won't use.

Shop around. Try different stores; look into budget departments, discount stores, mail-order firms; discover what the entire marketplace has to offer.

Try other neighborhoods. If you live in a low-income area, you may find that stores elsewhere offer better credit plans, clothing of better quality, food that's fresher, the same appliances with lower price tags than those in your local stores. If you live in a high-price area, you might try less-fancy stores in other neighborhoods.

Try many brands. Compare them all for price and quality. Remember the ones that serve you well.

Read ads carefully. Check and compare prices; learn about sales.

Get the facts. Read labels, tags, warranties, guarantees. Ask questions when you don't understand. Study buying guides and magazine articles for things you shop for.

Buy for cash whenever possible. Pay promptly to avoid finance charges. If you must buy on time, be sure you know the finance charge and annual percentage rate.

Learn to do-it-yourself. Try it for haircuts, sewing, dry-cleaning, car repairs, your own bread, or your own vegetable garden.

Don't let anyone gyp you. Beware of rackets and frauds in advertising, in selling practices, in contracts.

Read before you sign. Never put your name on a sales agreement or a contract without reading every word. Know what you're agreeing to do and what the seller is promising you. If you have questions, ask a lawyer.

Adapted from Changing Times Education Service. (1982). *Money management* (p. 18). St. Paul, MN: EMC Publishing.

Case Study

The Jackson's *washing machine* had finally stopped running. After the service person told them repairs would cost at least $76, the Jacksons decided to buy a new *washer.* That evening, they decided to go to the new discount center, MORE-FOR-LESS, to shop.

The Jacksons went directly to the appliance department where they were greeted by a friendly salesperson. He quickly informed them that they came at just the right time to get "the buy of a lifetime." It just happened, the salesperson told them, that MORE-FOR-LESS was featuring a nationally known brand of *washing machines* at a really low price because the owner had managed to buy a carload of *washers* directly from the factory. The salesperson told the Jacksons that if they bought this *washer* anywhere else, they would have to pay $595. However, today they could buy it at MORE-FOR-LESS for only $495. Needless to say, the Jackson's couldn't pass up a good deal like this. They signed the installment contract on the spot, and left the store congratulating themselves for having been so quick to spot a bargain.

Do you think the Jacksons made a good buy? Why or why not?

What should the Jacksons have considered BEFORE signing an installment contract?

1. Cost of other *washers.* The Jacksons hadn't found out the range of prices of *washing machines* before they bought theirs, nor had they discussed how much they could afford to spend.
2. Styles of *washing machines* available.
3. Features to look for.

In addition, the Jacksons failed to

1. Find out whether the model they bought was new or a discontinued one.
2. Ask about the terms of the guarantee or warranty.
3. Ask if there were any requirements needed for installation.
4. Get information about service. The Jacksons didn't know if they would have to pay for service for the first year or whether qualified servicepeople were available in their area.

Their most serious mistake, however, was taking the salesperson's word that the original price was $595.

Comparison Shopping

PRODUCT	SIZE A (Generic)	SIZE B (Name Brand)	SIZE C (Store Brand)
	cost #ozs ¢ per oz	cost # ozs ¢ per oz	cost # ozs ¢ per oz
peanut butter			
laundry detergents			
cereal			
canned tomatoes			
rice			
coffee			
flour			

SUPPLEMENT 8

The New Food Label at a Glance

The new food label will carry an up-to-date, easier-to-use nutrition information guide, to be required on almost all packaged foods (compared to about 60 percent of products up till now). The guide will serve as a key to help in planning a health diet.

Serving sizes are now more consistent across product lines, stated in both household and metric measures, and reflect the amounts people actually eat.

The list of nutrients covers those most important to the health of today's consumers, most of whom need to worry about getting too much of certain items (fat, for example), rather than too few vitamins or minerals, as in the past.

The label of larger packages must now tell the number of calories per gram of fat, carbohydrate, and protein.

Nutrition Facts

Serving Size 1/2 cup (114g)
Servings Per Container 4

Amount Per Serving
Calories 90 Calories from Fat 30

	% Daily Value*
Total Fat 3g	5%
Saturated Fat 0g	0%
Cholesterol 0mg	0%
Sodium 300mg	13%
Total Carbohydrate 13g	4%
Dietary Fiber 3g	12%
Sugars 3g	
Protein 3g	

Vitamin A	80%	Vitamin C	60%
Calcium	4%	Iron	4%

* Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs:

	Calories	2,000	2,500
Total Fat	Less than	65g	80g
Sat Fat	Less than	20g	25g
Cholesterol	Less than	300mg	300mg
Sodium	Less than	2,400mg	2,400mg
Total Carbohydrate		300g	375g
Fiber		25g	30g

Calories per gram:
Fat 9 • Carbohydrate 4 • Protein 4*

New title signals that the label contains the newly required information.

Calories from fat are now shown on the label to help consumers meet dietary guidelines that recommend people get no more than 30 percent of their calories from fat.

% Daily Value shows how a food fits into the overall daily diet.

Daily Values are also something new. Some are maximums, as with fat (65 grams or less); others are minimums, as with carbohydrate (300 grams or more).

The daily values for a 2,000- and 2,500-calorie diet must be listed on the label of larger packages. Individuals should adjust the values to fit their own calorie intake.

This label is only a sample. Exact specifications are in the final rules. Source: Food and Drug Administration 1993.
New title signals that the label contains the newly required information.

Guarantees

GOOD GUARANTEES TELL:

What is guaranteed
What the company will do
Limits of guarantee
What the buyer must do
Length of time of guarantee

WHEN LOOKING AT GUARANTEES, ASK:

What is guaranteed?
For how long is item guaranteed?
What will the seller do?
What should the consumer do?
What exactly is guaranteed?

Our Guarantee to You

We guarantee this appliance to be free from defects in workmanship and materials for one (1) year from date of original purchase. Our guarantee does not cover damage to the appliance caused by misuse, accidents, or alterations to it.

We will repair or replace, without charge for either parts or labor, any defective part or parts on any appliance covered by this guarantee.

If service becomes necessary, take (or send) the appliance to a West Bend service station near you. (A list of all authorized service stations is packed with each West Bend appliance.) Or, you may send it, postage prepaid, with a description of the claimed defect, to: Customer Service Department, The West Bend Company, West Bend, Wisconsin 53095.

THE WEST BEND COMPANY
West Bend, Wisconsin 53095

L-1587 Litho in U.S.A.

SUPPLEMENT 10

Reading a Warranty

DIRECTIONS: Below is an example of information from a warranty for a new tape recorder. Read it carefully and answer the questions below.

LIMITED WARRANTY SONY

SONY hereby warranties that if this product is defective because of bad materials or workmanship,

a. during the period of 90 days from the date of purchase, SONY will repair the machine with no charge for parts or labor;

b. during the period of 1 year from the date of purchase, SONY will repair the machine with no charge for parts.

CONDITIONS

1. You must ship the product back to SONY in the same package in which it came, or in a package that is just as safe.
2. The enclosed registration card must be mailed within 14 days of purchase.
3. This warranty is void if the product has been altered or repaired by anyone except an authorized SONY dealer or if the buyer has misused it or operated it contrary to the instructions in the enclosed manual.

Circle the correct answer to the following questions:

1. You bought the product on December 1. Would you be charged for labor if it broke on Valentine's Day?
   Yes No
2. Your brother or child uses the machine for a football. Does the warranty still hold if it breaks?
   Yes No
3. You forget to mail the registration card. Is the warranty still good?
   Yes No
4. There is no SONY dealer in your community, so you take the product to Roy's repair. Is the warranty still good?
   Yes No
5. Do you have to pay for parts if the machine breaks six months after you buy it?
   Yes No

Adapted from The Informed Consumer Series. Copyright 1980, activity 3-3. Reprinted by permission of SVE Society for Visual Education, Inc., Singer Education Division.

Evaluating an Advertisement

To evaluate or check whether an advertisement is truthful and gives needed information, use the following guidelines:

Advertisements should

- give accurate information about content and use of a product.
- give enough information to make a wise choice.
- be in good taste, that is, not violate moral or ethical beliefs.
- be realistic and true to life.
- not be so ridiculous that people are insulted.
- be appropriate for the audience or type of people who are likely to buy the product.

SUPPLEMENT 12

Clothing Care Symbols

Match the appropriate care symbol with the best description that identifies the care symbol.

1. _____Tumble dry high heat
2. _____Chlorine bleach may be used
3. _____Hand wash
4. _____Warm iron
5. _____Cool iron
6. _____Hot iron
7. _____Do not use chlorine bleach
8. _____Tumble dry low heat
9. _____"Drip" dry; hang soaking wet
10. _____Hang to dry after removing excess water
11. _____Do not iron
12. _____Do not wash
13. _____Do not dry-clean
14. _____Dry flat after removing excess water

A.

B.

C.

D.

E.

F.

G.

H.

I.

J.

K.

L.

M.

N.

Adapted from Carney, K. (1991, November-December). Extending the life of clothing. *What's New in Home Economics, 28*(8), 34-36.

Ad Analysis

Product	Gave Accurate Information	Gave Adequate Information	Realistic/ True to Life	In Good Taste	Overall, Good or Poor

SUPPLEMENT 14

What Is the Ad Telling You?

1. What type of product is this?

2. What is the brand name?

3. Who is the manufacturer?

4. How would you benefit by buying this product?

5. How does this ad try to get your attention?

6. What facts does the ad give you about use or price?

7. Does the ad appeal to a need, want, or interest that you have?

8. Who else might the ad appeal to?

Adapted from *Colorado core home economics curriculum guides* (p. LM-II-C-2). (1991). Fort Collins: Colorado State University, Vocational Home Economics.

Should You Use Credit?

Ask yourself these questions before you decide to buy on credit or borrow money.

1. Do I need it?

2. Do I need it now?

3. Is having it now worth the extra money I must pay to use credit?

4. Can I make the payment?

5. Will I pay too much interest?

6. What good will it do me?

7. What will I go without to pay for it?

8. Is it worth the risk of losing the money I have put into it if I can't finish paying for it?

9. Am I buying (or borrowing) from an honest person?

10. Should I risk owing so much money that I won't be able to get more if I get sick or have an accident?

SUPPLEMENT 16

Guidelines

GUIDELINES/RULES TO FOLLOW

1. Use credit only when you need it.
2. Use the smallest amount of credit you can.
3. Shop to find the cheapest credit.
4. Pay off your debts quickly.

DANGER SIGNS OF CREDIT USE

1. You don't know where your money goes.
2. You don't know how much you owe.
3. You use credit more and more.
4. Each month you can pay only the minimum on your charge accounts.
5. You need a new loan to pay off an old one.
6. Your creditors are asking you to pay bills.

* Source: Ohio Vocational Home Economics, *Family Life Education Curriculum Guide*, (Columbus, Ohio: Vocational Instructional Materials Laboratory. Ohio State University). Copyright 1979. Used with permission.

Credit Advantages and Disadvantages

ADVANTAGES	EXAMPLES
Provides a way to meet emergency needs.	
Allows items to be purchased that could not otherwise be purchased.	
Helps provide temporary source of income for purchases.	
Offers convenience.	

DISADVANTAGES	EXAMPLES
Can make us overspend.	
Credit costs and therefore is an additional expense.	
Credit can cause impulse buying.	

What Now?

A. Rochelle and Darnell have been married two years. When they first married and set up housekeeping, both were working. Now Rochelle is home, caring for their nine-month-old daughter.

Rochelle and Darnell had nothing when they set up housekeeping, so they made some installment credit purchases, got a car loan, and a home mortgage. They are now paying off installment loans on a washer and dryer, bedroom and living room furniture, a refrigerator, and a range. They still owe on their car and home.

Without Rochelle's earnings and with the baby's many expenses, each month they face the problem of which monthly bills to pay. They just can't pay them all. They don't know what to do or which way to turn for help.

What are their alternatives? What are the results from each alternative? What factors must be considered? What values influence each alternative?

B. Carol has just received her first job after not working for ten years. She has big ideas on how she'll spend her first month's paycheck. Now her name is getting on mailing lists, so the credit cards are coming through the mail "free of charge."

What should Carol do when, and if, the following happens?

1. The paycheck is spent and she has no income for another week.
2. She can't make a monthly payment on a charge account.
3. She has not had luck getting service on her new car.

Where should Carol go to find out about credit? Who will truthfully tell her that the use of credit can be abused? How is she going to control herself when credit should be used? Why is it necessary for Carol to get credit and use it efficiently? What is the purpose of credit bureaus and how do they work?

C. Mark is a 28-year-old single male who has been a sales representative for five years. Two months ago, he lost his job. He has charged up to his limit on VISA, Master Card, and two department store cards. He has a car payment to make to his father. He also has the cost of sharing an apartment with a roommate, who has a good job. He is two courses short of having an associate degree in business administration.

What should Mark do? Should he

1. Get a loan consolidation?
2. File bankruptcy?
3. Go to his parents for help?
4. Ignore the problem and collect unemployment?
5. Use this time to complete his degree?

How can he rank his debts? Which of his debts can be considered fixed and which flexible? How can he recover his self-esteem to get enough motivation to seek a new job? Where would he get the money to complete school?

Adapted from *Adolescent parent resource guide* (p. 1210). (1989). Columbus: Ohio Department of Education, Division of Vocational Education.

Results of Credit

The Arnolds' Installment Buying

The Arnolds thought the installment plan was tops. It allowed them to buy the latest thing in kitchen ranges when they were first married. Several months later Helen became pregnant and had to give up her job. Still, with the range only half paid for, they easily financed a new refrigerator and everything they wanted for the new baby. Then they found that they needed clothing and household items. Charge accounts were their answer. They decided they must have a new TV and at only $9.95 a month, what could they lose? After the baby came, the Arnolds felt cramped for space and decided to buy a house with a $30,000 mortgage. Emergencies and doctor bills forced the couple to borrow from a finance company to tide them over. Plagued with overdue bills, the Arnolds finally looked at their financial situation. They were over $2,000 in debt, not counting the mortgage. With a second child on the way, Helen couldn't take a job, so they decided to sell the house. However, it wouldn't sell! Finally the Arnolds lost the house to the bank when they couldn't make their mortgage payments and, at last, the Arnolds had to file for personal bankruptcy.

Installment Buying and Afterward

Mrs. Horace Cooper is a widow on welfare. Still, she had little trouble getting credit from a finance company when she decided to buy a TV set. She planned to cut down on her food buying to make the payments. Then a door-to-door salesman convinced Mrs. Cooper that she owed it to herself to buy a new set of pots and pans at a cost of $5 a week. What Mrs. Cooper didn't know was that the pans cost $49.50 and that the interest was 30%. She would be a long time paying for those pans. For a while, everything went smoothly. Then Mrs. Cooper became ill. She could see a doctor at the free clinic, but the medicine she needed was not available through the clinic and it was expensive. Mrs. Cooper's TV set was repossessed after she had made 3/4 of the payments. The pots and pans were also taken back. Mrs. Cooper was at least relieved to think she would not have to struggle to keep making payments. *Then* she learned that although her purchases had been repossessed, she still had to pay for them.

The Johnsons Get the Things They Need

Jerry and Joan Johnson are very careful when they use credit. They use it only for big purchases that are really needed. They shop around for credit and get money for their purchases where it costs them the least. So far the Johnsons have used their credit to buy a used car, a refrigerator, and a stove. Each was paid for before they bought the next. Today they make the last payment on the stove. They keep a small savings account for emergencies that inevitably occur, so they never fall behind on the payments. By making only one credit purchase at a time, the Johnsons have a little extra money at the end of each month. They never have to cut down on needs in order to keep up their credit payments. Next month the Johnsons will have enough money saved to make a sizable down payment on a washing machine. This will save them a lot of interest. With a baby on the way, the Johnsons will make good use of the washing machine.

Adapted from *Consumer education for families with limited incomes*. (1971). Lubbock: Texas Tech University, Home Economics Instructional Materials Center.

Application for Credit

Full Name _____ Wife's Name _____ Single ____

Age _____ No. of Dependents _____ Telephone _____ Social Security # _____

Home Address _____ City _____ State ____ Zip _____ Yrs. __

Previous Address _____ City _____ State ____ Zip _____ Yrs. __

Employed by _____ Address _____

Position _____ How Long? _____ Monthly Income _____

Former Employer _____ How Long? _____ Monthly Income _____

Wife's Employer _____ Address _____

Position _____ How Long _____ Monthly Income _____

Landlord or Mortgage Holder _____ Address _____

Monthly Rent or Mortgage Payment _____

Name of nearest relative _____ Address _____

Personal Reference _____ Address _____

Bank _____ Regular Checking _____ Special Checking _____

Savings _____ Loans _____

Make of Car _____ Year _____ Fully Paid _____ Balance Due _____

Making Payments to _____

Credit References

Type of Account _____ Status of Account _____

Name of Firm	Address	Charge/Budget	Open/Paid in Full
1.			
2.			
3.			
4.			

The above information is for the purpose of obtaining credit and is warranted to be true. I agree to pay all bills upon receipt of statement or as otherwise expressly agreed.

Date _____ Signature _____

Credit Limit _____ Approved By _____

Adapted from *Colorado core home economics curriculum guides* (p. LM-11-D-2). (1991). Fort Collins: Colorado State University, Vocational Home Economics.

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Making Consumer Choices – Notes

Making Consumer Choices – Notes

Making Consumer Choices – Notes

WORLD-CLASS EDUCATION FOR THE 21ST CENTURY: THE CHALLENGE AND THE VISION

VISION STATEMENT

As we approach the 21st century, there is broad-based agreement that the education we provide for our children will determine America's future role in the community of nations, the character of our society, and the quality of our individual lives. Thus, education has become the most important responsibility of our nation and our state, with an imperative for bold new directions and renewed commitments.

To meet the global challenges this responsibility presents, the State of Illinois will provide the leadership necessary to guarantee access to a system of high-quality public education. This system will develop in all students the knowledge, understanding, skills and attitudes that will enable all residents to lead productive and fulfilling lives in a complex and changing society. All students will be provided appropriate and adequate opportunities to learn to:

- communicate with words, numbers, visual images, symbols and sounds;
- think analytically and creatively, and be able to solve problems to meet personal, social and academic needs;
- develop physical and emotional well-being;
- contribute as citizens in local, state, national and global communities;
- work independently and cooperatively in groups;
- understand and appreciate the diversity of our world and the interdependence of its peoples;
- contribute to the economic well-being of society; and
- continue to learn throughout their lives.

MISSION STATEMENT

The State Board of Education believes that the current educational system is not meeting the needs of the people of Illinois. Substantial change is needed to fulfill this responsibility. The State Board of Education will provide the leadership necessary to begin this process of change by committing to the following goals.

ILLINOIS GOALS

1. Each Illinois public school student will exhibit mastery of the learner outcomes defined in the State Goals for Learning, demonstrate the ability to solve problems and perform tasks requiring higher-order thinking skills, and be prepared to succeed in our diverse society and the global work force.

2. All people of Illinois will be literate, lifelong learners who are knowledgeable about the rights and responsibilities of citizenship and able to contribute to the social and economic well-being of our diverse, global society.

3. All Illinois public school students will be served by an education delivery system which focuses on student outcomes; promotes maximum flexibility for shared decision making at the local level; and has an accountability process which includes rewards, interventions and assistance for schools.

4. All Illinois public school students will have access to schools and classrooms with highly qualified and effective professionals who ensure that students achieve high levels of learning.

5. All Illinois public school students will attend schools which effectively use technology as a resource to support student learning and improve operational efficiency.

6. All Illinois public school students will attend schools which actively develop the support, involvement and commitment of their community by the establishment of partnerships and/or linkages to ensure the success of all students.

7. Every Illinois public school student will attend a school that is supported by an adequate, equitable, stable and predictable system of finance.

8. Each child in Illinois will receive the support services necessary to enter the public school system ready to learn and progress successfully through school. The public school system will serve as a leader in collaborative efforts among private and public agencies so that comprehensive and coordinated health, human and social services reach children and their families.

Developed by citizens of Illinois through a process supported by the Governor, the Illinois State Board of Education and the Illinois Business Roundtable. Adopted as a centerpiece for school improvement efforts.

Printed by the Authority of the State of Illinois

ILLINOIS STATE BOARD OF EDUCATION
100 North First Street, Springfield, Illinois 62777-0001

Michael W. Skarr, *Chairperson, Illinois State Board of Education*
Joseph A. Spagnolo, *State Superintendent of Education*

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